

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:229

ANSWERED ON:25.04.2016

Ethanol Blending

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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether ethanol blending level in the country is much lower as compared to other developing countries;
 - (b) if so, the details thereof along with the permitted ratio of ethanol blending in petrol in the country and its effect on the cost of the petrol after such mixing;
 - (c) whether the blending of ethanol helps to save the country's foreign exchange and reduce the oil import and if so, the details thereof;
 - (d) whether the Government proposes to increase blending of ethanol in the near future and if so, the details thereof; and
 - (e) whether the Government has conducted/proposes to conduct any study to incentivise the sugarcane farmers in support of ethanol blending programme across the country and if so, the details and the findings thereof and follow up action taken thereon?
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Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (INDEPENDENT CHARGE)

(SHRI DHARMENDRA PRADHAN)

(a) & (b): In India, the Government has permitted Oil Marketing Companies (OMCs) to sell Ethanol blended petrol with percentage of ethanol up to 10% as per BIS Specification to achieve 5% ethanol blending across the country as a whole. During the sugar year 2014-15, OMCs have achieved a blending percentage of 2.3 per cent.

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The Government has fixed the price of ethanol. As petrol has been decontrolled with effect from June, 2010 OMCs take appropriate decision on pricing of petrol as per international prices and market conditions.

(c): Ethanol blending in Petrol results in saving of Petrol to the extent of its blending and consequent foreign exchange.

The potential foreign exchange earnings for the Sugar Year 2014-15 amounts to around USD 285 Million.

(d) & (e) : In order to improve the availability of ethanol and encourage ethanol blending, the Government has taken following steps :

(i) The Government has fixed the delivered price of ethanol in the range of Rs.48.50 per litre to 49.50 per litre.

(ii) Ethanol produced from other non-food feedstocks besides molasses, like cellulosic and ligno cellulosic materials including petrochemical route, have been allowed to be procured.

(iii) Ministry of Petroleum and Natural Gas, on 1st September, 2015, inter-alia has asked OMCs to target ten percent blending of ethanol in Petrol in as many States as possible.

(iv) The procedure of procurement of ethanol under the EBP has been simplified to streamline the entire ethanol supply chain.

(v) Excise duty has been waived on ethanol supplies to OMCs for EBP by sugar mills during 2015-16.

Above initiatives to incentivize Ethanol Blended Petrol (EBP) Programme are expected to increase blending of ethanol in the near future.
